

HONORS ACCOUNTING PRACTICUM

By
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A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of
the requirements of the Sally McDonnell Barksdale Honors College.

Oxford, MS
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Approved By

A handwritten signature in black ink, reading "Victoria Dickinson". The script is cursive and fluid.

Advisor: Dr. Victoria Dickinson

A handwritten signature in black ink, reading "Dean W. Mark Wilder". The script is cursive and fluid.

Reader: Dean W. Mark Wilder

DEDICATION

To my family, who have always believed in me and encouraged me throughout my entire life.

ABSTRACT

This thesis is comprised of 12 case studies that involve various financial accounting concepts and principles. Topics range from analyzing various client markets in differing cities to looking at difficult tax accounting scenarios. This thesis was written under the guidance of Dr. Vicki Dickson throughout a yearlong class that was taken during my junior year. This class expanded my knowledge on current accounting trends and technology. Through these case studies I was able to better prepare myself for the rapidly evolving accounting world.

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Case 1: A Tale of Two Cities

Atlanta, Georgia and Charleston, South Carolina

By Richard Roger Sankey III

September 21, 2019

Introduction: Case 1

The start of any accounting career involves deciding where you would like to live and build your career. The task of this case was to analyze two different cities and compare them based off criteria such as cost of living, the city's topography, crime rates, school systems etc. After researching and comparing the various criteria the hope is that one city stands out more than the other. The cities that I chose were Atlanta, Georgia and Charleston, South Carolina. This case taught me more than I ever would have imagined. It forced me to sit down and analyze these two places from a lens that I normally would not have. For example, I never would have thought to evaluate the school system for "my kids." This seems like such a far-off idea but I might live in this city for the rest of my life, or at the very least 6-10 years.

It did not take long for me to realize that these cities were very similar in many ways but also vastly different. The main difference being sheer size. Atlanta is a huge booming city while Charleston is a much smaller and more reserved city. After working on this case, I realized that you need to love and be passionate about the city you want to live in. I didn't feel that as much with Charleston. I am much more familiar with Atlanta and I felt more passion and excitement while researching and planning to live there. I am very appreciative of the insight this case provided and it helped me gather some knowledge to make this tough decision.

Part 1: What is the Population?

The current population in Atlanta is 486,290. Compared to the much smaller population of 130,113 in Charleston. These population numbers are obviously very different from one another. I like the sounds of a smaller city much more than a large one for several reasons. Having grown up in Tallahassee, Florida I am much more accustomed to a smaller city feeling. I am not used to 5 o'clock traffic meaning you are sitting still for at least an hour. Which ties into my second reason for preferring a smaller city, traffic. I want to be able to leave the office and get home in a reasonable amount of time. A larger city obviously has some upsides as well though such as more amenities and larger clients. I still tend to lean more towards Charleston as far as population is concerned.

Part 2: Describe the Climate and Seasonal Fluctuations

Atlanta and Charleston have very similar seasons and temperatures. The average high temperature in Atlanta during July was 87° and in Charleston is 88°. The summers in both of these cities are hot and humid much like most south eastern cities. This is something that I am very used to since I have grown up in Florida my whole life. The winters of both are also similar, in Atlanta the average low in December was 33° and in Charleston it was 46°. Winter temperatures are more influential in my decision but still not heavily weighted unless it involves excessive ice and snow storms. Tallahassee experiences similar winters to both of these cities so once again I feel comfortable with these temperatures. These cities have such similar seasons that I don't believe one has the upper hand on the other.

Part 3: Describe the City's Topography, Scenery, and Other Geographic Features

Atlanta has a total square area of 132.4 sq miles and sits about 1,050 feet above sea level. Atlanta actually has the highest average elevation of any major city east of Denver. Atlanta's scenery has many skyscrapers but there are also numerous nature destinations within the city. For example, Piedmont park and Centennial Park. There are also hundreds of local restaurants and bars located in the suburbs just outside the city.

Charleston actually has a higher square area than Atlanta, despite the large population difference. Charleston has a total square area of 156.6 and is only about 20 feet above sea level. The scenery of downtown Charleston doesn't feature the massive skyscrapers of Atlanta but has much more of a historic look to it. The city is located on the water so the water is in view from many areas in the city which is a very appealing aspect to me. Tallahassee isn't located on the water but I have spent my whole life on the water so that close proximity is a very important thing to me. For this reason and the smaller downtown feel I lean more towards Charleston.

Part 4: What are the Individual Tax Rates in the City

Based off a yearly salary of \$55,000 the federal income tax rate will be 9.82% which would mean paying \$5,400 in federal income tax. Georgia and South Carolina have varying state income tax but it is very similar. Georgia's state tax rate is 4.86% resulting in paying \$2,672 in state income tax. South Carolinas state tax rate is 4.75% resulting in paying \$2,610 in state income tax. After considering federal and state income tax my post tax income in Georgia would be \$46,928 and in South Carolina it would be

\$46,990. Since both of these rates are practically the same I don't lean towards one city over the other on the basis of taxes.

Part 5: What Transportation Hubs are in the City?

Atlanta's Hartsfield-Jackson airport is the largest airport in the world. It also is the hub for Delta Air Lines. The city also has the MARTA public transportation system that features busses and trains that run throughout the city. Charleston being a smaller city doesn't boast the same scale of transportation options like Atlanta but there still is an international airport that every main airline uses. I personally enjoy being in a smaller airport over the craziness of a large airport but flying out of Atlanta you rarely make connecting flights. For this reason, I would prefer having the transportation options that Atlanta offers.

Part 6: What are the City's Most Prevalent Industries? What are the City's Five Largest Companies?

The most prevalent industries in Atlanta are in the finance technology sector and manufacturing. The five largest companies are Home Depot, UPS, Randstad USA, Coca-Cola, and Hansen Beverage. These are obviously huge companies with very recognizable names. Working with clients like these would be an incredible experience.

Charleston's most prevalent industries are Aerospace with Boeing and automotive manufacturing with Mercedes Benz vans. The five largest companies in Charleston are Boeing, Roper Healthcare, Trident Health Systems, Walmart, and

Mercedes Benz. These cities have different industries but I prefer Atlanta based off the potential clients I would be working with and the booming economy in the city.

Part 7: City's Healthcare and School System

Atlanta features several premier hospitals including Emory University Hospital. Having good hospitals available is something that I weigh into my decision of deciding where to live. Not just for myself but for my family later down the road. Charleston's hospitals obviously aren't the same scale as those in Atlanta but they are well reviewed and respected. The largest being the Medical University of South Carolina.

The public-school system in Atlanta and Georgia in general is very poor. The private schools are much better and that is where I would send my kids. I grew up going to private schools so this is also something familiar to me. The school system in Charleston is much better than Atlanta. The majority of the high schools are ranked top 25 in the state. For this reason, I would have to give a lot of consideration to sending my kids to a public-school vs private. Having the option of choosing public school is very appealing for numerous reasons and that's why I like Charleston more in this regard.

Part 8: Crime in the City

Crime is a problem in Atlanta and it features one of the highest violent crime rates in the nation. These crimes are located almost solely in certain neighborhoods and areas downtown. I don't want to live in a crime ridden area but high crime rates are almost synonymous with big cities. Charleston's crime rate is only slightly above the national average and isn't nearly as dangerous as certain parts of Atlanta. The crime rate isn't a

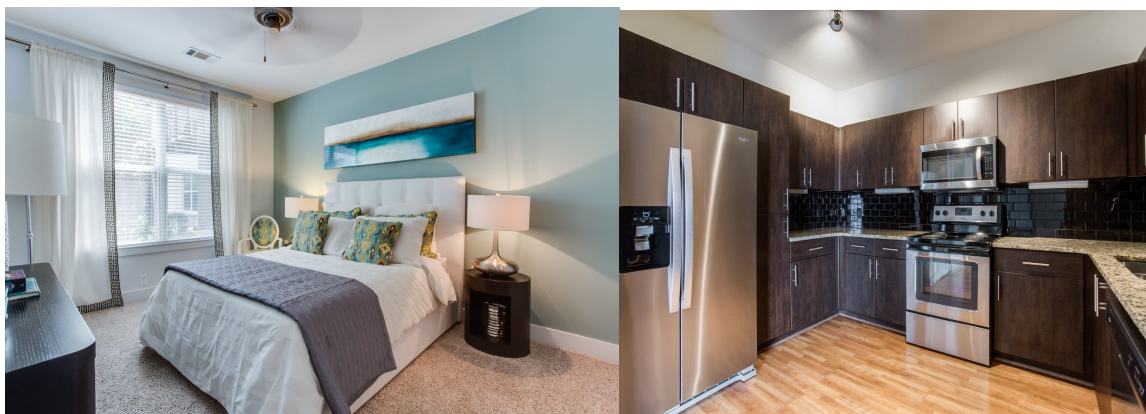
huge selling factor for me because my hometown of Tallahassee features a high crime rate and I rarely ever feel unsafe. It's similar to Atlanta in the sense that the crimes are very isolated. For this reason, I don't really give an edge to either city.

Part 9: Rent

For a 2-bedroom 2-bath apartment in downtown Atlanta I will be paying around \$2000 a month. I will live with a roommate so this cost will be cut in half. These apartments are all about 1200 sq ft and are newly built and feature all the amenities I would need. The majority of apartments feature gyms and pools on their property as well. They also have parking garages for the tenants so I wouldn't have to worry about trying to find a parking spot. All of the apartments I looked at had a very appealing style to them and many had gorgeous views of the city. They are also located very close to many of the accounting offices.

The prices in Charleston are slightly less, for a 1200 sq ft apartment rent is around \$1500. These apartments have a very similar layout to the ones in Atlanta and also have the same amenities. Such as a pool, gym, and common areas. While the price of rent in Atlanta is slightly higher it is in a much more desirable location for both work and a social life. I prefer Atlanta in this situation because of the location. Pictures of the apartments and floorplans can be seen below.

Atlanta:



THE SYDNEY

Two Bedroom and Two Bathroom
1,131 Square Feet

Charleston:



Part 10: Commuting Method and Time

My method of commuting in both cities will be to drive my car. There is available parking at the apartments and offices so I don't see myself spending money on ubers or taxis. In Atlanta all of the accounting offices are within 7 minutes of the apartments and are less than a half mile away. Being this close to work is extremely convenient and important to me. This also eliminates the uncertainty of traffic. All of the offices in Charleston are within 2 miles of the apartment which is about an 8-minute drive. This is close, but Atlanta is more appealing to me due to the fact that I have the choice to walk to the office.

Part 11: Grocery Shopping

I will grocery shop at Publix for both cities. I have always shopped at Publix and in my opinion, it is the best grocery store. It is somewhere that I am familiar with and a company that I have worked for in the past. Publix is only 7 minutes away from both the Atlanta and Charleston apartments.

Part 12: Laundry

Both of the apartments include a washer and dryer so I will do all my laundry at home. I will have my suits and some other business wear dry cleaned nearby.

Part 13: Organizations in the city

I plan on being involved in the Anglican church in either city. Growing up my family has always been very active in the church and its something that I plan on continuing in my own life. Another organization that I plan on getting involved with in Atlanta is Open Hand. This is a nonprofit organization that believes in providing healthy meals to everyone who otherwise might go without. The Kids in Need Foundation also interested me. Their mission is to serve low income students by providing school supplies. They serve schools where 70% of the students are on free lunch. These are students who don't have enough money to eat and could never afford to have binders and pencils. They want these children to be passionate and excited to learn.

The two charities that stood out to me in Charleston were Habitat for Humanity and the Make a Wish Foundation. Habitat for Humanity is a Christian organization who believes that everyone should have a good standard of living. They organize community projects to build and update low income housing areas. The Make a Wish Foundation is an organization that provides a "wish" to a child with cancer that the family couldn't otherwise provide. This includes things like trips to Disney world or meeting a celebrity. I believe that getting involved in your community and helping others is something that is very important. It will give me a chance to give back to my new community and meet others with similar interests as me.

Part 14: Sport, Entertainment, and Recreational Activities

Atlanta has numerous major sports teams and varying recreational activities throughout the city. I would love to attend a Falcon's game at some point in the future. I grew up always rooting for the falcons since my dad was raised in Atlanta but I have yet to attend a game. I also have never gotten to attend a Braves game and my dad loves baseball so I would really enjoy getting to do that with him when he visits. Atlanta also is home to Atlanta United, a major league soccer team. I have heard from numerous people that these games are extremely fun to attend and reasonably priced. The city also hosts constant concerts and music festivals throughout the year. Pretty much every weekend you can find some sort of show that is appealing to you. I have always enjoyed going to concerts with my friends and music is something that I enjoy and look forward to experiencing in Atlanta. Along with all the music, there are hundreds of bars throughout the city for all types of people. This sounds like a great way for me to meet new people with similar interests. Aside from the social aspects of the city there are great parks to exercise in. I love riding bikes and throughout piedmont and centennial park there are tons of places to ride and run. Exercising is something that I think is important to help deal with a busy and stressful work life.

Charleston isn't home to 3 major professional sports teams like Atlanta but there is no shortage of fun activities. The city is home to the minor league baseball team The Charleston River Dogs. All the reviews I read talk about fans saying how enjoyable and fun the games are. For a very low price you can get a great seat with a waiter who serves food and drinks. There are numerous historic museums throughout the city as well. The museum that interested me the most was the Navy and Maritime Museum that sits on the

water and lets you walk on numerous military ships and vessels. I also plan on fishing whenever I get the chance. This has always been something that I have enjoyed and been passionate about. Some of the best fishing in the United States is off the Carolinas coast line. Charleston also features a large bar scene like Atlanta which appeals to me for the same reasons that I mentioned earlier. Many of these bars also feature live music every weekend. One bar/venue that I looked into was called The Pour House where they have numerous artists perform each weekend and it is connected to a phenomenal Cuban restaurant. While Charleston has some very appealing areas and activities I felt more drawn to the sports and social life in Atlanta.

Part 15: Traveling back Home

My mode of traveling back home to Tallahassee from either city will be to drive. Atlanta is only about 4 and a half hours from home. While Charleston is just over 6 hours away. Both of these times sound great to me since Ole Miss is about 7 and a half hours from home. Driving from Atlanta will cost a little over \$60 in gas. The Charleston drive will cost a little over \$75. I could fly back home but I don't see myself ever really doing that since both drives are not very long and driving would cost me much less than a plane ticket. Due to the fact that Atlanta is an hour and a half closer to my home I choose Atlanta as the better city for this scenario.

Part 16: Monthly Operating budget

Both of these budgets were prepared on the basis of a \$60,000 salary from being a high performer in year 1.

Atlanta:

TABLE 1-A

Revenue	5000	(60,000/12)
Income Taxes	-1172	(14,062/12)
Rent Exp	-1000	2,000 Split With Roommate
Groceries	-300	Three Trips Of \$100 each
Internet/Utilities	-180	Estimate Based Off Research
Dinner's Out	-250	\$10 for 25 days
Entertainment	-800	\$200 per weekend
Gas	-156	Two 26 gallon tanks at \$3 a gallon
Final for Savings	1142	

Charleston:

TABLE 1-B

Revenue	5000	(60,000/12)
Income Taxes	-1171	(14,050/12)
Rent Exp	-750	1,500 Split With Roommate
Groceries	-300	Three trips of \$100 each
Internet/Utilities	-180	Estimated Based Off Research
Dinner's Out	-250	\$10 for 25 days
Entertainment	-800	\$200 per weekend
Gas	-156	Two 26 gallon tanks at \$3 a gallon
Final for Savings	1393	

Part 17: Final Consensus

After completing this case and comparing all the data I think that Atlanta is more appealing to me. I went into this assignment with Atlanta being my number one and this analysis helped further confirm that. The main reasons I chose Atlanta over Charleston were business growth, city activities, and familiarity with the city.

The business growth in Atlanta is rapid and all the firms are dealing with big clients like I mentioned in part 6. I feel that putting myself into a city like this really gives me a chance to get exposed to some very important people and situations.

The number of things to do in Atlanta is infinite. There will never be a shortage of things for me to do on weekends. The fact that there are 3 professional sports teams within the city is a huge selling point for me.

The final major point is the fact that I am familiar with the city and I get to be close to my family. I want to be able to visit my family easily and in a reasonable amount of time. Having lived 8 hours away from home for school I know that I don't want to be this far once I have a family of my own. I also am very familiar with the city since my dad grew up in Atlanta and my grandparents lived there for 30 years.

These three points are what helped solidify my choice of Atlanta. I know that Charleston is a great city too but I think Atlanta more so caters to my likes and needs.

Case 2: Excel Course

By Richard Roger Sankey III

September 30, 2019



*The Board of Directors of the
Corporate Finance Institute® have conferred on*

Richard Sankey

*who has pursued studies and completed all the
requirements for the certificate of*

Excel Crash Course

*with all the rights and privileges
pertaining to this certificate.*



*Certificate number
13838426*

Tim Vipond

Chair of the Board

Scott Powell

Director

Lyn Dalton

Director

Sep 30, 2019

Case 3: Brexit

By Richard Roger Sankey III

October 6, 2019

Introduction: Case 3

The objective of this case was to analyze the current situation of the UK voting to leave the European Union. This has come to be known as Brexit. Many citizens in the UK believe that the EU has been holding the country back from economic success and that the EU's best interest is not always consistent with that of the UK. The EU was formed after WWII to help facilitate economic growth and to prevent conflict amongst European countries. Initially this sounded reasonable and beneficial but it quickly became apparent that this organization was anything but democratic and that it was taking advantage of citizens. The EU claims to be helping Europe economically but the extreme rules and regulations have done nothing but harm it. I looked at this situation from differing views to try and generate an unbiased opinion on Brexit.

This case helped further my knowledge on foreign affairs and the impact that certain policies have on economies. The movie we watched in class, *Brexit – The Movie*, helped me learn the initial facts and then I did additional research to get a full grasp of the situation. I went into this case knowing a little about Brexit but I now have a much better understanding and stance on the issue. I personally believe that the UK should leave the European Union for several reasons that I illustrate throughout the case. I approached this case with several main headings: Democracy, Trade and Regulations, and Immigration. After researching the problems within the EU surrounding these topics I was able to solidify my stance.

Case 3

At the end of this month the UK is going to vote on whether they want to remain a member of the European Union or not. This will be the largest political decision that many British citizens will ever be a part of in their lives. This decision will change everything in Europe. A large portion of the citizens feel as if they are being oppressed and misled by the EU. The EU goes against almost every fundamental principle of democracy and the citizens are tired of it. They are being punished financially and economically due to the poor decision making on behalf of the EU. I will address both sides of this issue in order to present a well-developed overview of Brexit.

Democracy

One of the major arguments against the European Union is the fact that it does not operate democratically. The EU lacks any sort of transparency for citizens. The officials within the EU are appointed instead of elected. The parliament within the union has no real power and all of their deliberations are private and not released publicly. These members also have no sense of accountability since they are appointed so the public can't remove them in the next election. The citizens lack the ability to elect officials that they view as the best candidate. Instead major corporations lobby EU members to get certain members elected instead of those who the general public might prefer. The EU essentially has a legislative monopoly that many citizens have zero say in. The UK has voted against 72 proposed items and regulations and has lost every single one. The British are extremely frustrated with the EU and this is one of the main driving factors behind Brexit.

The main counter argument against the anti-democracy assertion is that all the member states are allowed to vote and that the members of parliament are elected by the public. I don't think this argument has any real ground to it since the law-making officials and presidents are appointed within. The members making the most important decisions are never elected by the public. The members of parliament are the only thing that citizens have a say in, from there it is in the EU's hands.

Trade and Regulations

The second issue that many British are frustrated with is the trade regulations and tariffs. The EU has decided to suppress competition through unreasonable tariffs, quotas, and regulations. For example, the fishing market in the UK has been completely destroyed. The quotas have been suppressed in order to give all countries a more level playing field and the UK has taken a hard hit. There used to be a thriving fish economy but now there hardly is any profit to be made. In order to suppress the competition, the EU went so far as to offer citizens money to destroy their boats and stop fishing. Once again this shows the illegitimacy of the EU and their mindset. These regulations also have a negative impact on consumers. The consumers are receiving worse products due to the fact that the EU is keeping inefficient companies in the market through regulation and subsidies. The EU has created so many absurd rules that no normal person could ever even know a quarter of them. There are 31 laws on toothbrushes, 47 on toothpaste and over 100 on pillows. This clearly is unreasonable and shows once again that the EU has an agenda focused on the lobbyist of elite corporations

and not the citizens. Another example of this is the fact that starting a new company is extremely expensive and difficult due to the regulations put in place by the EU.

Throughout history it has been proven that highly regulated industry hurts economic growth. After WWI industry in the UK became highly regulated and the economy took a huge hit. The prices of goods skyrocketed and the average consumer was much worse off. On the flip side of this, West Germany after WWII experienced extreme economic growth and prosperity as a result of minimal regulations. They were able to take a country that was essentially a rubble pile and turn it into a booming economic power.

While some argue that these regulations are in place to help European countries the numbers just don't reflect that. Throughout the documentary that we watched in class all the individuals interviewed were talking about how much of a hit their businesses have taken. While these rules and regulations might help some, the vast majority are being hurt by them. The UK is being held back from achieving its peak economic capabilities.

The EU has also placed restrictions on imports to try and promote internal growth. This attempt at protectionism has done nothing but hurt British business and put them behind the competition. The British have not been able to obtain the resources and raw materials at the same price as the rest of the world due to these rules.

The World Trade Organization helped cut down some of the extreme and ridiculous rules but Britain is still being suppressed by the EU.

Immigration

Brexit opponents are frustrated by the current immigration policies for several reasons. The first being that the mass influx of immigrants are able to take jobs and disrupt local economies. The second being that many citizens are worried about losing their cultural identity. While immigration is important and ethical, there has to be regulations. The EU has attempted to get a grasp on this situation but hasn't been terribly successful. The increase in terror attacks within Europe has also frustrated many citizens. They want to feel safe and protected and they currently do not. The British in a state of panic tried to propose a law to end freedom of movement into the UK but this was stopped due to numerous legal and ethical issues. It does show however that the citizens are scared and that the EU policies are not doing enough to protect them and their economy.

Concerns with Leaving the EU

One of the main concerns surrounding Brexit is whether Britain would be able to function and survive without the EU. The prime example to counter this concern is Switzerland. The economy in Switzerland is booming and they are not a member of the EU. Switzerland's GDP is twice as high as Britain's and they export more than five times that of the UK. The economy in Switzerland is also much less regulated than that in Britain. Once again proving my earlier point that less regulation improves growth and stability within the economy. There is obviously inherent risk in leaving the EU but based off the facts I have read and analyzed I believe it is the best decision for the UK currently.

The Vote This Month

At the end of this month the vote on Brexit is supposed to happen. This will affect more than just the UK. This decision is going to have a financial impact on everyone in the world. Back in 2016 the UK voted on a referendum to leave the EU and 51% of the population voted yes. This lets us know that the upcoming vote is going to be extremely close. This decision will be on every corporation's mind. The way that every country conducts business with Europe might be drastically different depending on how this vote goes. Every contract will have to be re-negotiated, trade deals will have to be organized, tax rates determined etc. This doesn't mean that the UK shouldn't follow through with attempting to leave the EU but there will be lots of work associated with it. The way that England has conducted business will have to be entirely modified but a restructuring might be the catalyst that the country is looking for.

Case 4: Coca-Cola 10-K Evaluation

By Richard Roger Sankey III

October 27, 2019

Introduction: Case 4

In this case we were placed in groups and assigned Coca Cola as our company. We were told to evaluate their 10-K based off of certain criteria. We looked and analyzed at all of their financial statements and read through the footnotes to get a full understanding of the company. We had to look at elements such as the company's customer base, who our company's suppliers are, and who audits our company. Going through all these varying questions left us with a pretty broad understanding of Coke.

I really enjoyed this case and learned from it in numerous ways. The first being that Atlanta is one of my top cities so getting to analyze an Atlanta company was exciting. I also learned that EY audits Coke which greatly increased my interest with EY as a firm. The second reason I enjoyed this case was because it taught me a valuable lesson in how to look at and interpret a 10-K. Prior to this case I hardly knew what a 10-k was, nonetheless how to interpret or gain access to one. I feel like I will have a leg up on other employees once I start working because of this case. I have learned a skill that many of my peers do not have. It is also a skill that I will need to have for my whole career. As an auditor I will be looking at these financial statements every day and I need to know things like referring to foot note one for relevant accounting policies. The final reason why I enjoyed this case was because I got to work with a team of people that I previously didn't know and tackle these questions together. This is another important skill I will need in the real world. I need to be able to work with new people and complete a task together as a team. I thoroughly enjoyed this case and learned a lot about Coca-Cola and analyzing financial statements.

1. Business Information and Profit Generation

Coca-Cola is the world's largest nonalcoholic beverage company. They own/license and market more than 500 beverage brands. Coke has been headquartered in Atlanta, GA since it was founded in 1892. Coke operates globally with its five main business operations being the Asia Pacific, Europe, Middle East & Africa, Latin America, and North America. The fiscal year end for Coke is the same as the calendar year, December 31. Profit is generated through the sale of beverages to independent bottling partners, distributors, wholesalers, and retailers. Coke products are so popular and widely available that they make up for more than 1.9 billion of the approximate 61 billion servings of all beverages consumed worldwide every day.

2. Company's Auditors

Coke is audited by Ernst & Young LLP in Atlanta, GA.

3. Balance Sheet Breakdown

The following information is a line by line analysis of the assets, liabilities, and equity found on Coca-Cola's balance sheet. A definition and any relevant accounting policies will be provided for each line item.

Assets

The current asset accounts are as follows. Cash and cash equivalents are time deposits that are highly liquid and that Coke has access to right now, these totaled \$8,926 million. Short term investments are defined in Footnote #1 as "time deposits and other investments that have maturities of greater than three months but less than

one year.” Short term investments totaled \$2,025 million. Marketable securities are securities or debts that are to be sold or redeemed within the year. They are easily convertible to cash and totaled \$5,013 million. Trade accounts receivable is the amounts billed by a business to its customers when it delivers goods or performs service for them in the ordinary course of business. The total for this account was \$3,396 million and Coke also disclosed that discounts of \$489 and \$487 million were subtracted from this total. Inventories are the raw materials or merchandise on hand that Coke plans on selling. Inventories total value was \$2,766 million. Prepaid expenses and other assets show the amount of future expenses that Coke has paid for in advance. The total for this account was \$1,962 million. Assets held for sale are long lived assets that a company plans to sell. This account totaled 0 for 2018 but had a balance of \$219 million in 2017. This shows that this asset was sold at some time between the preparation of the balance sheets. The final account included in current assets is Assets held for sale – discontinued operations. This account shows parts of a company’s core business or product line that have been shut down and are for sale. This account totaled \$6,546 million. Current assets for 2018 totaled \$30,634 million compared to \$36,545 for 2017.

The next asset is equity method investments. These are investments of other entities where Coke has a controlling interest. These totaled to \$19,407 million. Other assets are defined by Coke in the footnote as “Our Company invests in infrastructure programs with our bottlers that are directed at strengthening our bottling system and increasing unit case volume. Additionally, our Company advances payments to certain customers for distribution rights as well as to fund future marketing activities

intended to generate profitable volume, and we expense such payments over the periods benefited. Payments under these programs are generally capitalized and reported in the line item prepaid expenses and other assets or other assets, as appropriate, in our consolidated balance sheet.” The total of this account was \$4,139 million. The next item under the assets section is deferred income tax assets which are defined as assets that may be used to reduce taxable income. This total was \$2,667 million. Property, Plant, and Equipment includes machinery, buildings, land, vehicles etc. Coke discloses the following information regarding the value of PPE, “Recorded at costs, Depreciation is recorded principally by the straight-line method over the estimated useful lives of our assets.” The total for PPE was \$8,232 million. Trademarks are defined as the legal right to exclusively use a symbol, name, phrase, song, or logo. This is an intangible asset. Cokes trademarks totaled \$6,682 million for the year. The next asset is franchise rights, which is an intangible as well. Franchise rights are the trademarks that a company sells to a party so that they can sell a product or service under the company’s name. The total for this account was \$51 million. The next intangible asset is goodwill. This arises when a company purchases another company for more than it’s worth because of its reputation or loyal customer base etc. Coca-Cola reported \$10,263 million in goodwill. The final asset account is other intangible assets. The footnotes didn’t disclose specific details in these accounts but the total is \$274 million. this brings us to the total of all assets on the balance sheet which was \$83,216 million in 2018 compared to \$87,896 million in 2017.

Liabilities

The first current liability account is accounts payable. This is money owed by Coca-Cola to its suppliers. The total was \$8,932 million. The next account is loans and notes payable. This is a written promise to pay a lender back. This account totaled \$13,194 million. Current maturities of long-term debt are the next liability. This refers to the portion of long-term debts that will become due in the next 12 months. Coke's total for this account was \$4,997 million. Accrued income taxes are the amounts that Coke still owes to the IRS. This account has a balance of \$378 million. The final two current liability accounts are liabilities held for sale and liabilities held for sale – discontinued operations. The definition of these accounts are liabilities that are highly probable to be realized through sale rather than continued use. The discontinued operations account is for liabilities that arise from discontinued operations that affect core business. The liabilities held for sale account had a balance of 0 for 2018 and the liabilities held for sale – discontinued operations had a total of \$1,722 million. These accounts totaled to give current liabilities a balance of \$29,233 million for 2018 compared to \$27,194 for 2017.

The next liability account is long-term debt which includes any amount of outstanding debt that a company holds and has a maturity of 12 months or longer. This account had a total of \$25,364 million. It is important to note Coca Cola's long-term debt was rated "A+" by Standard and Poor's and "A1" by Moody's. Coke doesn't release specifics on what is included in their other liabilities account but it totals to \$7,638 million. A deferred income tax liability arises when there is a difference in income recognition between tax laws and a company's accounting methods. The account had a balance of \$1,933 million. This concludes the liability section of the balance sheet.

Equity

The first equity account is common stock. Coke's common stock had a \$0.25 par value, they authorized 11,200 shares and they issued 7,040 shares. This brings the account total to \$1,760. This can be calculated by multiplying the par value by the number of shares issued. The next equity account is capital surplus. This comes as a result of a corporation raising the issue of shares in excess of their par value. The total for 2018 was \$16,520 million. Reinvested earnings are the earnings of Coke up to this date minus any dividends. This totaled \$63,234. The next account is accumulated other comprehensive income (loss). This account is used to accumulate either unrealized gains or losses on items from the income statement that came from the other comprehensive income section. Coke had a balance of \$-12,814 million which shows that this was a loss. The final equity account is treasury stock. This is stock that was repurchased by Coke. This totaled \$-51,719 million. Three totals are then given for the equity section. The first being equity attributable to shareholders, which totaled \$16,981 million. The second was equity attributable to noncontrolling interests which totaled \$2,077. And finally, an overall equity total which was \$19,058. The balance sheet then gives a total liabilities and equity total, \$83,216, which should equal the total assets and it does.

4. Customer Base and Revenue

Coca-Cola's customer base is the consumers and distributors that come from more than 200 countries and territories. These distributors then sell Coke's products to customers in gas stations, supermarkets, venues, vending machines, and many other places. Coke's specific sources of revenue are explained in the 10-K as, "In our domestic

and international concentrate operations, we typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations. Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers or to distributors and wholesalers who distribute them to retailers.” Coke also states in their 10-K that their revenue recognition principle is as follows “Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Prior to the adoption of ASC 606, we recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.” This revenue recognition principle is almost identical to those adopted by any other major business. Coca-Cola also generates a large portion of their revenue from outside the US. In 2018 they generated \$16,303 million compared to the \$11,300 in the US.

5. Coke’s Suppliers and COGS

There are three main items that Coke purchases from suppliers in order to conduct business: sucralose, orange concentrate, and polyethylene terephthalate. Sucralose is an artificial sweetener that is crucial to many of Coke’s products. Coke purchases this sweetener from various suppliers located in the United States and Canada. The next item is orange juice and orange concentrate. Coke purchases these from primarily Florida and Brazil. One of the main suppliers they buy from is Cultrale Citrus Juices USA. The final

main item that Coke purchases from suppliers is “PET.” This is a plastic that is used to form bottles, cans, packaging, cartons, and cases. In the 10-K Coke said that they purchase PET from many different suppliers and have historically not experienced any significant shortages.

Coke says that there are four main segments that make up a substantial portion of their cost of goods sold. These are sweeteners, metals, juices, and PET. As you can see, all three items that are purchased from suppliers also make up a large part of Coke’s COGS.

6. Operating Expenses

There are four main components to Coke’s operating expenses. They are stock based compensation expense, advertising expenses, selling and distribution expenses, and other operating expenses. Stock based compensation is when Coke gives employees, executives, and directors shares of ownership in the business. This expense totaled \$225 million for 2018. This helps generate revenue because it incentivizes higher productivity and efficiency within the company. Advertising expense helps generate revenue because without running ads it’s hard for their customer base to grow and expand. Coke’s total for advertising expense was \$4,113 million. Selling and distribution expense is similar to advertising expense but it includes the expenses associated with marketing, selling, and distributing the product. This obviously helps generate revenue because unless you can market and sell your products you will not be able to generate any revenue. The total for this account was \$1,701 million. Coke didn’t give many supporting details on the other expenses account but they did note that the account decreased from \$5,211 in 2017 to \$4,268 in 2018 due to refranchising activities.

7. Revenues and Expenses Over the Years

Net operating revenues for Coca-Cola have actually been decreasing over the past three years. In 2016 revenues were \$41,863 million and then \$35,410 in 2017 and finally \$31,856 in 2018. Expenses have also declined over the past three years. In 2016 there were \$15,370 million, in 2017 they were \$12,654 and finally in 2018 they were \$10,307. According to some analysts over at Forbes this dip in revenue has been a result of Coke's refranchising plan, which is now complete and is expected to bring revenues back up. Coke's success in lowering expenses is credited towards their ability to drop their SG&A expenses \$11.5 billion dollars over the past three years. Coke has also been able to successfully lower COGS expenses by nearly seven billion as a result of their refranchising plan. By 2020 Coke's revenue base is expected to expand by \$4.6 billion and expenses to increase by \$3.4 billion. This in turn is expected to raise the net income margin from 20.2% to 22%.

8. Net Income and Cash Flows from Operations

Coca-Cola's net income for 2018 was \$6,727 million and their cash flows from operations were \$7,320 million. These numbers differ because net income is showing the profits that Coke has earned during the period while the cash flow is showing the cash that is going in and out due to day to day operations. The cash flow from operations starts with net income and it is then adjusted for expenses, depreciation and amortization, and significant gains and losses. This explains why there is a difference in these numbers.

9. Estimates and Judgments on the Balance Sheet

The accounts that require the largest amount of judgment and estimation are intangible assets, certain current assets, and income tax expense. Coke said this in their 10-K about estimating assets, “Factors that management must estimate include, among others, the economic life of the asset, sales volume, pricing, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending and proceeds from the sale of assets.” Coke also talked about how it can be even harder to estimate when the global markets are highly volatile. There also is estimation in tax expense because they have to use judgement on what tax position they believe they will be in during tax season. Coke also sometimes has to estimate and predict expected losses from litigation claims and legal proceedings.

Case 5: In Class Activity

By Richard Roger Sankey III

October 30, 2019

Case 6: Thomas Sowell Economics

By Richard Roger Sankey III

December 1, 2019

Introduction: Case 6

This case started off with Dr. D asking us two questions, the first being about the Electoral College and the second about universal basic income. She gave us several minutes to type out our initial thoughts and then we were allowed to share if we would like. I enjoyed this exercise because it gave me a chance to hear different viewpoints on issues and varying proposed solutions. It also made me realize that I didn't have as extensive of a knowledge on these topics as I thought I did. After the class I went and researched the topics because they sparked such an interest in me. The second part of this case was to watch a video with economist Dr. Thomas Sowell. He talked about issues in the economy and his life story and also how he became the man he is today. I had never heard of Dr. Sowell before and it was incredibly interesting and educational to hear him talk. His stances on many issues were similar to my own but we also had some differing views and I enjoyed hearing his rational and backing.

I was able to learn a lot from this case for several reasons. The questions at the start sparked interest and thought and I was then able to hear others views and learn from them and apply them to my beliefs. I learned numerous things from Dr. Sowell as well. He talked about statistics involving welfare and single parent households that I previously had never heard before. I respected Dr. Sowell a lot because he talks about issues in society that most people are scared to talk about or choose not to. He was also very inspiring to me because he came from nothing to being a Harvard graduate and a highly respected economist. I think this gives him a very unique view on economics that we don't always get to see. I am very thankful that I was exposed to Dr. Sowell in this case and I enjoyed it enough to pursue reading his other published works.

Case 6

Dr. Thomas Sowell grew up in Harlem, New York and dropped out of high school to fight in the Korean War. He came back to school at Harvard for his undergrad, Columbia for his Masters, and the University of Chicago for his Doctorate. Dr. Sowell spent the majority of his 20's being a devote Marxist before switching to a more libertarian-conservative ideology. I found it very interesting to listen to him talk about such a drastic change in thinking. Sowell says that this change came about after working a civil service job after the war. He discovered an association with higher minimum wage pay and higher unemployment rates. He believed that the government officials who made these changes were more concerned about themselves than the poor. This in turn caused him to believe in a free market opposed to Marxist beliefs. I thought this was extremely interesting to hear about since many people are now advocating for higher minimum wages.

The second main issue that Dr. Sowell talked about was the association between welfare implementation and single parent households. Approximately 70% of African Americans are living in single parent households. Dr. Sowell believes that the welfare state incentivizes single parent households. This then makes it much harder to get out of poverty and makes it more likely for children to drop out of school or turn to crime and keeps this cycle going. I had never heard this idea before and I found it interesting to hear about. I had never heard this on a major news network or read about it in school and it led me to do more research. I am very glad that I was exposed to this ideology because it has helped me modify and reform my stance on the issue. This is a very pressing issue in the United States that we unfortunately have not been able to solve in the last decade.

Dr. Sowell is an incredibly intelligent man with an equally impressive life story. I am very grateful that I have now been exposed to him and look forward to learning more about him. This case expanded my economic knowledge extensively and introduced me to new ways of thinking. It also gave me some new ideas on how to solve the pressing issues that our country faces. It is going to be our generations job to address these issues and I now have a better understanding of the issues and some potential solutions to them.

Case 7: Regulation FD

By Richard Roger Sankey III

January 26, 2020

Introduction: Case 7

In this case we were tasked with researching and learning about Regulation Fair Disclosure. We were given four questions to help guide us in learning. Some of the questions also placed us in a hypothetical situation to show how important and serious this regulation is. I enjoyed this aspect because it gave me a look into potential situations that may arise in my career. I had heard about this regulation before but never had actually fully understood or read about it and I think this case was very beneficial in teaching us. This is a regulation that anyone going into the financial world needs to be aware of and understand.

I learned a lot while reading through the articles that Dr. D provided. I learned about why Reg FD came to be but also a lot of other information as well. I have always been interested in investment banking and I was able to learn more information about this through the articles. Many of these banks were not thrilled with Reg FD but it was very interesting to see their response and view on this regulation. I also enjoyed reading about how the general public was able to get something done by the SEC even though the big players on wall street were opposed to it. I feel that I have a very good understanding of this regulation now and I think this case was very beneficial to me and my future career. There might be situations that I am placed in where my knowledge of this regulation will help my client from getting into legal trouble or fined. This kind of knowledge is incredibly important and useful, and I am glad I had this case to lay down a firm groundwork.

Case 7

What Is Reg FD?

Regulation Fair Disclosure was put in place by the Securities and Exchange Commission in 2000. This regulation sought to prevent certain parties from receiving financial information about publicly traded companies that the general public did not also receive. Reg FD was essentially trying to level the playing field for all investors. This affects clients financial reporting actions because they must ensure that the information they are releasing is available to all investors and not just certain shareholders or parties.

Why Reg FD Exists

Reg FD exists for several reasons. The first being to prevent analysts such as Jack Grubman from obtaining information that wasn't publicly available. He was sitting in on board meetings at WorldCom and obtaining information that he could then go and give to certain investors to benefit them. This obviously is not a level playing field and this also in turn caused the stock price to be incorrect because investors didn't all have the same information. While Grubman didn't personally own any stock in WorldCom he was being compensated with a very large salary from Salomon Smith Barney due to his insightful reports.

While that was a particular incident that was highly publicized, this happened all over Wall Street. Small investors didn't stand a chance against the big players who had access to all this information from analyst companies. The playing field was heavily weighted towards the big players. Wall Street was therefore opposed to Reg FD because it would take a hit on their earnings. The SEC was trying to make it a fair game for small

time investors and give everyone the same information. There were also some steps back due to this regulation. Analysts were now hardly given any access to these companies. They in turn were producing reports that involved much more guessing and low balling than before. They sand bagged these reports so that when actual earnings came out it looked much better on them.

Client Releases Information on Social Media

If my client informed me that they released non-financial information via Facebook I would say this does not violate Reg FD. I would insure however that his profile was accessible to everyone and wasn't a private account. As long as everyone has access to the information I don't see what is wrong with using Facebook as a medium for disclosing information.

Did my Opinion Change after Reading Reed Hastings Rule?

My opinion did not change after reading this article. The only modification I would make is to tell my client that he needs to be certain that the information he releases on Facebook is in fact true. If it isn't, this could result in lawsuits.

Case 8: Is It Taxable?

By Richard Roger Sankey III

And

Carlyle Smith

February 12, 2020

Introduction

In this case we were given a situation where we had incorrectly filed taxes for a client of ours and were told to email our partner and client informing them of this mistake. The client's daughter is a YouTube star and had been making between \$10,000 and \$15,000/month for the past four years. We had to research and discuss various topics involving income taxes in order to arrive at a solution. We had to look at what it means for YouTubers to be taxed on what they make from their videos and ad revenue. This was a topic that neither of us had previously considered or learned about so it posed quite the challenge at first. After working through this case we were able to gather a lot of information about taxes and how taxable income works. This is great preparation in understanding what goes into preparing individual tax returns and what needs to be done when mistakes have been made. We might be posed with a situation like this later in our careers and we will now be better equipped with the knowledge on how to address and fix this problem. We believe that this case was very beneficial due to this and we are glad that we have been exposed to a tax problem like this.

Letter to the Partner Group:

Dear Partners,

It has come to my attention that our client David Smith's tax returns have not been filled out properly over the past four years. David's daughter is a YouTube star and has been receiving between \$10,000 and \$15,000/ month in advertising revenue and this has not been included as income on his tax return. She has also been receiving dozens of packages daily with free merchandise to promote various brands. We have not been made aware of this until now.

Since she is making between \$10,000 and \$15,000/month, we need to fill out an income tax return. We can assume that we will not need to file for self-employment tax since Emma's income does not exceed 50% of the household income. We also are going to need to assess the amount of unearned income that has been generated through interest on her savings account. We are filing for a 1040X currently to amend these returns and make the necessary changes. There will be late penalties and fines assessed due to these previous years of errors. We have contacted the client and informed him of all of this and are working diligently to correct these errors and ensure they don't happen again in the future.

Sincerely,

Tax Team

Dear Mr. Smith,

It came to my attention at lunch the other day that we have not been filing taxes concerning your daughter's income from her YouTube channel. Since your daughter is receiving between \$10,000 and \$15,000/month, we will have to fill out an income tax return for her. We will not have to file for self-employment though because Emma's income does not exceed 50% of your household income. There will be late penalties and fines that will need to be paid, but at this time we are not positive of how much those will be. We will need to file for a 1040X currently to amend these returns and make the necessary changes. We will be in contact in the next few weeks with what your next steps will need to be. We apologize for overlooking this and are working around the clock to make this right.

Sincerely,

Your Accountant

Emma's YouTube Account Name: Sparkling Emma

Case 9: Monopoly Meets Blockchain

By Richard Roger Sankey III

Collin Short

Carlyle Smith

March 4, 2020

Introduction: Case 9

In this case we played Blockchain Monopoly. This was far from a normal game of monopoly and involved lots of moving parts. There were four different game boards and numerous roles that our classmates played. Our role was as “Big Mama and Big Papa.” We acted as the bank and had to record and keep up with various transactions. Our role is discussed more in depth in the case. The goal of this case was to expose us to the rise of blockchain technology and how it can be applied in various ways. Prior to this case we had heard mention of blockchain technology but never really knew what it was or how it worked. This game gave us a starting point and then this accompanying case helped further our knowledge and understanding of blockchain technology. This technology has the potential to really disrupt the financial industry and therefore is a hot topic in the industry right now.

The knowledge we gained from this case puts us at an advantage for future work. This technology is complicated but with a good foundation in this topic we will be able to communicate and articulate ideas about this technology that we otherwise wouldn't have been able to. This case taught us the fundamentals of blockchain technology and also showed us the potential future applications of this technology. Even though it is currently being used for crypto currency it might be used to sell real estate in the future. While our game was a simplified version of this we still have exposure to the topic which is much more than other individuals entering the financial industry in the near future. These are the kinds of ideas that cause the disruption and advantage in the market that employers are looking for.

Case 9

What is Blockchain?

Blockchain is a digital technology that keeps track of transactions through the use of millions of computers and unique ID's to keep individual's information private. These transactions are then put into a "block" that is chained to other blocks, this makes up the blockchain. The rave about this technology comes from the fact that everything in the blockchain is publicly accessible and therefore transparent. This technology is also extremely effective at preventing hacking attempts. The reason being that whenever a transaction occurs it is verified by "nodes" which are millions of other computers around the world and these nodes after verification make a copy of the transaction and the block chain that this transaction is about to join. A hacker would therefore have to modify millions of records in order to successfully alter the chain. This technology was originally created by a group called Satoshi Nakamoto for the digital currency Bitcoin but we are now seeing potential uses for it in various other industries. This technology is very intriguing to many users because like we previously alluded to, it holds every user accountable for their actions. It also is appealing to users because it involves no transaction fees. It cuts out the "middleman" that has been previously required in transactions. Blockchains are also decentralized, meaning no single authority rules it. These reasons and several others lead us to believe that we will see this kind of technology in financial institutions and many other places throughout the economy in the future.

The Role We Played in Blockchain Monopoly and Our Experience

Our role in the game was to essentially act as the bank. We were in charge of selling all the properties to players, paying money when they past go, and various community chest and chance events. We were required to keep a record of every transaction we made and record the unique security ID of each player. This is the same way that blockchain transactions are recorded. This transaction was then verified by other students who were acting the same as nodes in the blockchain. They would take this transaction and verify that the player had sufficient funds in their account to complete the transaction. Once it was verified the transaction was officially recorded and added to the blockchain. We were therefore any sort of vendor that could utilize blockchain technology. We were able to sell directly to consumers without transaction fees and have records of every transaction and the participants without disclosing private information such as names. This experience was able to show us in a simplistic form the potentials for blockchain technology in various industries.

How Likely is Blockchain to Work for the Entire Global Economy?

We believe that blockchain technology will begin to play a bigger role in the global economy soon. Its ability to remove transaction costs, mitigate data security risks, and provide transparency to consumers are all very important requirement's in today's economy. This technology isn't going to take over every industry in the near future but it will start to pop up much more frequently. In today's world businesses are constantly struggling to keep their data secure and once they realize the potential of this technology we believe the demand for it will increase. This technology could however minimize the

need for banks. If financial transactions can be verified and recorded accurately without the need for a bank then their services might be cut out. People would also be more inclined to perform these transactions through block chains because it eliminates the fees and transactions costs that are associated with banks. Large financial institutions such as Goldman Sachs and JPMorgan Chase have recognized this potential and have started looking into ways to implement blockchain and crypto currency into their normal services. We don't believe that currently blockchain could completely control the global economy but like we previously mentioned, it will become much more common.

Case 10: Industry Interview

By Richard Roger Sankey III

March 29, 2020

Introduction

In this case we were asked to interview someone that was well established in their career to learn more about their life, work experience, and knowledge they've acquired throughout the years. We were given several questions to help guide us through this interview but naturally more information came out organically. I interviewed my dad on the phone for this interview and learned much more than I thought I would. There were several stories and job experiences that we talked about that I previously never knew. This case also gave me a lot of insight into the financial industry and the many facets within it. I am thankful I got to do this case because it helped me gain knowledge about life and work that I might not otherwise have received. This case also helped me learn how important it is to have a healthy work/family balance. This was not something I had previously given much thought to and it was a beneficial viewpoint to acquire.

I think my largest takeaway from this interview was to pursue something that you are passionate and interested in. I learned through this conversation that the best way to guarantee happiness and an eagerness to work every day is by finding your passion. I will discuss this more in depth throughout the case but I am grateful to now have this mindset. I think this case also came about at a very beneficial point in our lives. Being in the heat of interviews and offers it was nice to hear some tips on how to be successful in our future careers. I am thankful for my dad taking time out of his work schedule to talk with me and answer these questions. I think this case was well worth the time put into it and I also believe that I acquired some great life tips and mindsets to carry with me into the future.

Case 10

For this interview I decided to interview my dad, Rick Sankey. My father was born in Tallahassee, FL but spent his early years growing up in Miami. He then moved to Atlanta before beginning high school. He attended St. Pius for high school and then went to Florida State for college. My dad didn't know right away what field he wanted to pursue in college. There were several fields in the business school he was interested in but he eventually picked Finance. The main factors in deciding this major were his interest in finance and the fact that he already had many of the required finance credits to complete this major.

After graduating his first job was working for Affiliated Insurance Agencies of Florida. Through this job he was able to acquire management and sales skills. The next job my dad had was working for the State of Florida doing financial management and budgeting. This job allowed him to develop expertise in government relations, government policy, and budgeting. His current job is with Maximus doing management consulting. All of these previous jobs helped develop the skill sets that have allowed him to be successful at his current job.

If he could have gone back to college and done it over again my dad says that he would have gotten a degree in marine biology and had a job that allowed him to be outdoors. Which ties into the advice that he gave me and the class. He said one of the most important things is to pick a career that truly interests you and makes you happy. Don't pick a career because you think it will make you a lot of money or because it's convenient at the time. Find something that makes you wake up every day happy to do. This will make it much easier to work harder and more efficiently every day.

The last part of our conversation we discussed the big changes that both of our generations will experience. He said that the biggest challenge facing his generation is the massive shift in technology and how quickly it is happening. They went from not having cell phones in college to everything moving towards automation. He said that this is a struggle for many of the older employees because they didn't grow up with the technology that people my age did. The largest challenge my generation will face is adjusting to the impact of the coronavirus pandemic on the economy and how business will be conducted in the future, he said. There is going to be a lot of changes in businesses structures to prevent things like this from happening again in the future. The economy is going to feel the effects of this pandemic for a while.

I am very thankful for this interview and it helped me learn a lot. I think it's very important to talk to older people in the business world to gather knowledge that we otherwise would never know. I think it will give me a leg up in my career and it helps shows me what I need to do to be successful.

Case 11: Intern Interview

By Richard Roger Sankey III

April 19, 2020

Introduction: Case 11

In this case Dr. D assigned each member of the class a student who had recently completed their winter internship to phone interview with. She matched up students and interns that had interests in either the same service line, city, or firm. I was lucky enough to be assigned Jones Albritton who just completed his audit internship with EY Atlanta. I just accepted my offer with EY Atlanta so it was great to hear from someone who just had the same experience that I will be going through next winter. Having someone who worked at the same firm and city allowed us to talk about things other than just work that were very interesting and informative. Even small things like his favorite restaurants and places to get a drink made the interview feel much more personal and meaningful. I think this was probably my favorite case of the year because I felt like I got the most relevant information out of it. Especially in this time of uncertainty it was great to be able to talk to another student my age and be able to talk about anything internship related or just about life. I am very appreciative of Dr. D giving us the opportunity to do a case like this.

I learned several things from my conversation with Jones. The piece of advice that stood out the most to me was to be effective at communicating and having a positive attitude. He told me that is going to be a lot of work and you aren't going to know how to do all of it but if you have a positive attitude and are willing to ask questions and communicate them effectively that will stand out to the firm. It was relieving to hear Jones say this because I have always been slightly nervous about what to do if I don't know how to perform a task. I learned that they don't expect you to know anything and are more than happy to help you along the way.

Case 11

Going into this interview I knew that I was going to gather some helpful information but I actually ended up enjoying and getting a lot more out of this case than I thought I would. Once I learned that Jones had interned at EY Atlanta he really helped me solidify my decision to accept my intern offer with the firm. Jones had a very similar recruiting process as me and his reasoning for selecting Atlanta was very similar to mine. He is from Knoxville, Tennessee and wanted to stay in the south but be away from home but also still be able to go back in a relatively short time. Jones also wanted to be working in a bigger city and get exposure early on in his career to the large clients that Atlanta has to offer. It was kind of funny to hear him say this because my reasoning for selecting Atlanta was pretty much identical to this.

As I mentioned in the introduction Jones was an audit intern and more specifically was a part of the FSO branch. This stands for the financial services office which means that he worked solely on financial clients. He worked on clients such as banks and insurance companies and hedge funds. I asked Jones what made him go the FSO route and he told that these clients interested him and also later in his career if he decides to leave public accounting he wants to work in these types of industries.

I asked Jones during the interview what the hardest part of the internship was and he said that it was communication. Also, knowing when to ask questions to your senior and how to compile questions together so you aren't having to constantly interrupt them. He also said that you don't need to be scared to ask questions. They expect you to ask questions and will even be a little concerned if you aren't asking questions. Jones also said it was hard when you would finish your task and they wouldn't have another one for

you yet. So, you would kind of just be waiting for a little while with nothing to do. My next question after this was, what are some tips for a successful intern? His tips were to have a positive attitude and to understand that you truly are helping and contributing to the firm. He said once you grasp that it makes it easier and more rewarding to work hard. The firm will notice if you have a positive attitude and if you are eager to learn and work hard.

I also talked with Jones about how the class you take during your internship was and then how his transition back into school was currently going. He said that the class during the internship wasn't bad at all. There is a write up do each week about the internship and he said that he would usually do his Friday after work since they always left at five o'clock on Fridays. The transition back to school after the internship has taken some getting used to he said. Obviously with everything being online we are all in an unprecedented time but he said it has been pretty hard to motivate himself at times to do schoolwork. Working hard and getting paid is a little different than working hard on schoolwork.

My last question I asked Jones was, what did you learn from your internship? He said that he quickly learned how team based everything is and that there is much more collaboration than he thought. Jones said that he also learned how important communication skills are and keeping others updated on your work status. One cool thing he also talked about was that day to day he was interacting with people the same age. He said the majority of the people he was working with were under the age of 30 which I thought was interesting. The final point he made to me was to be willing to ask for help.

If you are stuck and can't figure it out, go ask someone else for help. They are more than happy to teach or show you.

I am very appreciative of Dr. D giving us this opportunity and to Jones Albritton for taking time out of his day to talk with me. I was able to learn a lot from this case that will be very beneficial to me in my internship. Jones helped show me that I made the right decision with my firm and city choice and I am excited to start my internship this winter.

Case 12: Inside Job

By Richard Roger Sankey III

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Introduction: Case 12

In this case Dr. D assigned us a documentary to watch, *Inside Job*, and several other supplemental articles that discussed the financial crisis of 2008 and the overall financial structure of large banks in the United States. Prior to this case I had a limited understanding of the cause of the crisis and knew very little about the role the investment banks and insurance companies played in this disaster. I found it very interesting to learn about the structure of this whole securitization food chain and how many moving parts went into it. It was also quite concerning to see that the former CEO's and seniors of these banks are the ones who are always appointed by presidents to help give financial advice and put regulations in place to help insure that disasters like these never happen again. It was also interesting that it wasn't a particular party who would appoint these executives. Both parties equally do it and it still goes on. The lobbying power of Wall Street is extremely large and is the reason for such little regulation.

I learned numerous things from this case and it was personally one of my favorites. There was a lot of information provided but I was thoroughly engaged the whole time and extremely interested. I learned so much about the financial crisis that I had never known. Prior to this case I had no idea what the securitization food chain was or what credit default swaps were or CDO's. After learning about these various items, I feel much more informed about the financial framework that led to this recession. I am now able to understand conversations from economist about these issues much more clearly because of this case. It also sparked an interest in me concerning investment banking and potentially looking into it as a career someday.

Case 12

How did these materials change your beliefs and what do you think this knowledge means for the future?

As I mentioned in the introduction I had a very limited knowledge and understanding of these topics prior to the case but my beliefs definitely changed. I had always known the financial crisis had a lot to do with the housing market but I had no idea about the role that investment banks and insurance companies played in it. The strongest area that my beliefs changed in was in terms of regulation. I have always been a firm believer in limited government intervention and regulation involving the economy. However, what the banks and rating agencies were able to get away with is quite frankly mindboggling. The fact that these rating agencies were giving these CDO's made up of subline loans ratings of AAA simply doesn't make sense. Naturally these rating agencies just claimed that ratings are solely opinions and are not 100% accurate. Things like this should never be allowed to happen and they have an impact on the entire US when the bubble grows so large and finally pops.

My beliefs also changed in regards to bonuses that these banking seniors receive. The board approving massive bonuses to employees due to short term increased profits from high risk securities is not a good practice. It is incentivizing overly risky behavior which can eventually lead to the collapse and bankruptcy of the company. Which is exactly what happened to banks like Lehman Brothers and Bear Stearns. These banks become some obsessed with generating these short-term profits that they neglect to foresee the potential long-term consequences they are creating.

Another idea that changed in my mind was the culture of Wall Street. I always knew that these people were very wealthy and were driven to make large amounts of money but the rampant use of drugs and prostitution was much more than I imagined. I think this also speaks volumes to the fact these bankers were selling securities that they knew were “complete pieces of crap”, to put it in their own words. They were taking advantage of individuals who might not have much money to start with in order to deepen their pockets. This is obviously a generalization and is not applicable to every employee but I found this interesting and surprising.

I also found the last article interesting because it talked about Wall Street doesn't like Trump and is concerned by the fact that 40% of Americans strongly support him regardless of what he does. The war on trade has made many bankers nervous because it could have vast implications on the prices of goods in the US and how business in general is conducted.

How did the materials change your beliefs about your role in society, both professionally and personally?

The main thing I got out of these materials on a personnel level was to behave as an ethical human. I do not believe any amount of money is worth ruining countless lives over. While many of the things these banks were doing were not illegal they were very unethical. They knew they were taking advantage of others to make more money for themselves.

I think this discussion is also very important to the accounting profession specifically. This profession heavily relies on ethical behavior and if that is not adhered

to we see situations like Enron. Numerous people went to jail and the whole profession got a negative outlook for a little while. In my future career I am going to take ethical behavior very seriously and make sure it is something that stays in the forefront of my mind.

Will the virus crisis change the economic/ political climate in the US? Are there any lessons to be learned from our recent financial history? Is this a chance to unwind the status quo?

The virus has already drastically affected the economic climate in the US. The stock market has been way down ever since the pandemic started and the majority of businesses are still closed or working remotely. Our economy is struggling right now and it is a scary and unprecedented time. No one really knows when this pandemic will be controlled or when the market will hopefully return to a more level state. As far as the political climate, I hope that maybe it will bring us closer together as a country. There is so much separation amongst the parties that maybe this will be an opportunity for us to come together and combat this issue.

I think there is definitely lessons to be learned from our financial history. For example, the financial crisis of 2008 should have never happened and hopefully we have learned from that and won't allow it to happen again. If we analyze the causes of previous recessions it can allow the country to prevent them from happening again and also to hopefully help predict future causes of recessions. I also do believe that we need to unwind the status quo somehow and regulate these banks more. These banks and

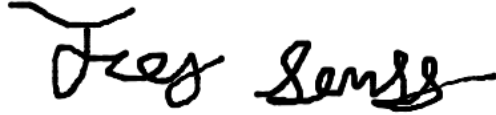
seniors need to be held more accountable for their actions and realize the implications of their actions.

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HONOR CODE AND SIGNATURE

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this ACCY 420 Case.

A handwritten signature in black ink, appearing to read "Frey Sam". The signature is written in a cursive, flowing style with a horizontal line extending from the end.